

Current Class: UNCLASSIFIED
Current Handling: n/a

UNCLASSIFIED

UNCLASSIFIED

PTQ5362

E24

PAGE 01 CARACA 02367 01 OF 03 121138Z
ACTION INR-00

INFO	LOG-00	NP-00	ACQ-00	INL-00	DODE-00	WHA-00	DS-00
	UTED-00	VC-00	TEDE-00	LAB-01	VCE-00	AC-01	NSAE-00
	PM-00	ACE-00	IRM-00	TEST-00	EPAE-00	PMB-00	DSCC-00
	DRL-02	NFAT-00	SAS-00	/004W			

-----D7E452 121139Z /38

R 121112Z AUG 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 7155
INFO NSC WASHDC
CIA WASHDC
USCINCSO MIAMI FL
AMEMBASSY BOGOTA

RELEASED IN FULL

UNCLAS SECTION 01 OF 03 CARACAS 002367

NSC FOR SALCEDO, AMB. MAISTO
USCINCSO ALSO FOR POLAD
INR FOR FERNANDEZ

E.O. 12958: N/A
TAGS: PREL, PGOV, VE
SUBJECT: POLITICAL UPDATE: AUGUST 9, 2002

SUMMARY

UNCLASSIFIED

PAGE 02 CARACA 02367 01 OF 03 121138Z
1. THREE METROPOLITAN POLICE (PM) OFFICERS, ONE PM CHIEF OF SPECIAL OPERATIONS, AND SEVEN CIVILIANS WERE SHOT AND WOUNDED DURING THE AUGUST 8 PROTESTS. MAYOR ALFREDO PENA REBUFFED CLAIMS BY TWO CIVILIANS THAT THEY WERE SHOT BY PM OFFICERS. PENA ALSO CLOSED ESQUINA CALIENTE, A CHAVISTA PROPAGANDA STAND ON PLAZA BOLIVAR. PRESIDENT WILLIAN LARA OF THE NATIONAL ASSEMBLY URGED MAYORS TO PUT INTO EFFECT THE LAW OF DISARMAMENT. THE SUPREME JUSTICE TRIBUNAL REJECTED CLAIM THAT PRESIDENT CHAVEZ IS MENTALLY INSANE. FIVE PIPE BOMBS EXPLODED AT THE NATIONAL GUARD HEADQUARTERS, ALONG WITH PAMPHLETS CRITICIZING THE HIGH COMMAND. THE FINANCE COMMISSION IN THE NATIONAL ASSEMBLY APPROVED A MODIFIED VERSION OF THE VALUE-ADDED TAX (IVA) REFORM PROPOSAL. OPPOSITION DEPUTIES CRITICIZE THE MINISTER OF FINANCE FOR QUESTIONABLE BOND OFFERINGS

Current Class: UNCLASSIFIED

UNCLASSIFIED

Current Class: UNCLASSIFIED
Current Handling: n/a

UNCLASSIFIED

UNDERTAKEN LAST WEEK. END SUMMARY.

11 INJURED IN WEDNESDAY'S VIOLENCE

2. FOUR METROPOLITAN POLICE (PM) OFFICERS, INCLUDING CHIEF GABRIEL VERA OF THE SPECIAL OPERATIONS DIVISION, AND SEVEN CIVILIANS WOUNDED BY SHOTS DURING THE PROTESTS YESTERDAY, AUGUST 8. ACCORDING TO CHIEF VERA, OTHER OFFICERS WERE ALSO HURT BY THE FIREWORKS RELEASED BY PROTESTERS. A GROUP OF "ENCAPUCHADOS" (HOODED ONES) WAS ALSO REPORTED PRESENT, "DIRECTING THE DISORDER" ACCORDING TO ALCALDE MAYOR ALFREDO PENA, AND BURNING TIRES IN THE STREET IN THE AFTERNOON. THERE WERE AROUND 120 PRO-GOV PROTESTERS PRESENT, INCLUDING NATIONAL ASSEMBLY

UNCLASSIFIED

PAGE 03 CARACA 02367 01 OF 03 121138Z
REPRESENTATIVES IRIS VARELA AND DARIO VIVAS.

3. TWO INJURED CIVILIANS CLAIMED THAT THEY WERE SHOT BY THE PM, BUT MAYOR PENA REJECTED THEIR CLAIMS, INSISTING THAT THE POLICE WERE ONLY SHOOTING ANTI-RIOT PELLETS AND TEAR GAS. HOWEVER, A CONTACT FROM MIRAFLORES WHO WITNESSED THE COMMOTION REPORTED TO EMBOFF THAT HE SAW METROPOLITAN POLICE (PM) OFFICERS SHOOTING LIVE AMMUNITION, AND ALSO FIRING TEAR GAS AND RANDOMLY ASSAULTING PEOPLE. HE SAID THAT THE NATIONAL GUARD WAS ABSENT IN THE AFTERNOON, WHICH WAS CURIOUS SINCE THEY WERE AT THE TSJ IN THE MORNING.

4. NOTE: THE PM HAS BEEN ACCUSED AND INVESTIGATED FOR CORRUPTION AND HUMAN RIGHTS ABUSES SINCE BEFORE CHAVEZ BECAME PRESIDENT. HUMAN RIGHTS WATCH HAS LONG DENOUNCED POLICE BRUTALITY AS ONE OF THE MOST PREVALENT HUMAN RIGHTS ABUSES IN VENEZUELA, IN ITS ANNUAL COUNTRY REPORTS. IN 1997, THE STATE PROSECUTOR RECEIVED 171 REPORTS OF POLICE ABUSE ATTRIBUTED TO THE METROPOLITAN POLICE, COMPARED WITH 64 COMPLAINTS ABOUT THE CARACAS POLICE, AND 32 COMPLAINTS ABOUT THE NATIONAL GUARD. WHILE THE GOV DOES GO TOO FAR IN BLAMING THE PM FOR PROVOKING VIOLENCE DURING PROTESTS, WE DO NOT DISCOUNT CRITICISM OF THE PM OUT OF HAND. END NOTE.

CHAVISTAS KICKED OUT OF THEIR CORNER

5. MAYOR PENA ANNOUNCED YESTERDAY THAT HE IS CLOSING

Current Class: UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

Current Class: UNCLASSIFIED
Current Handling: n/a

UNCLASSIFIED

PAGE 04 CARACA 02367 01 OF 03 121138Z
"ESQUINA CALIENTE," A CHAVISTA PROPAGANDA STAND ON PLAZA BOLIVAR. HE CALLED IT "THE BASE OF OPERATIONS" FOR "VIOLENT CHAVISTA CIRCLES" AND BASED HIS DECLARATION TO CLOSE IT ON THE RULING OF A TRIBUNAL PROHIBITING MEETINGS ADJACENT TO THE FEDERAL LEGISLATIVE PALACE. METROPOLITAN POLICE (PM) OFFICERS WERE AT PLAZA BOLIVAR TODAY AS A "PREVENTATIVE AND NOT PROVOCATIVE MEASURE," ACCORDING TO A COMMISSIONER. ACCORDING TO A REPRESENTATIVE OF THE BOLIVARIAN CIRCLES, WHO WERE REPORTED TO BE PROTESTING AT THE PLAZA, THE PM OFFICERS WERE BEING PROVOCATIVE BY DENYING PASSAGE TO PEDESTRIANS, DESPITE THE FACT THAT THE PLAZA IS SUPPOSEDLY OPEN.

TIME TO DISARM PUBLIC

6. WILLIAN LARÁ, PRESIDENT OF THE NATIONAL ASSEMBLY, HAS CALLED ON THE MAYORS OF CARACAS AND ALCALDE MAYOR ALFREDO PENA TO PUT INTO EFFECT AS SOON AS POSSIBLE THE IMPLEMENTATION OF THE LAW OF DISARMAMENT, WHICH WAS PASSED LAST FRIDAY AUGUST 2.

UNCLASSIFIED

UNCLASSIFIED PTQ5365

PAGE 01 CARACA 02367 02 OF 03 121139Z
ACTION INR-00

INFO	LOG-00	NP-00	ACQ-00	DODE-00	WHA-00	DS-00	MEDE-00
	UTED-00	VC-00	TEDE-00	LAB-01	VCE-00	AC-01	NSAE-00
	ACE-00	TEST-00	EPAE-00	DSCC-00	DRL-02	NFAT-00	SAS-00
	/004W						

-----D7E461 121139Z /38

R 121112Z AUG 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 7156
INFO NSC WASHDC
CIA WASHDC
USCINCSO MIAMI FL
AMEMBASSY BOGOTA

UNCLAS SECTION 02 OF 03 CARACAS 002367

NSC FOR SALCEDO, AMB. MAISTO
USCINCSO ALSO FOR POLAD

Current Class: UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

Current Class: UNCLASSIFIED
Current Handling: n/a

INR FOR FERNANDEZ

E.O. 12958: N/A
TAGS: PREL, PGOV, VE
SUBJECT: POLITICAL UPDATE: AUGUST 9, 2002

CHAVEZ NOT INSANE

UNCLASSIFIED

PAGE 02 CARACA 02367 02 OF 03 121139Z

7. THE TWENTY MAGISTRATES OF THE SUPREME JUSTICE TRIBUNAL UNANIMOUSLY REJECTED THE REQUEST FROM DEMOCRATIC ACTION COMMITTEE REPRESENTATIVES, HENRY RAMOS ALLUP AND RAFAEL MARIN, TO DECLARE PRESIDENT CHAVEZ MENTALLY UNFIT FOR OFFICE.

PIPE BOMBS AND MANIFESTOS AT NATIONAL GUARD HQ

8. FIVE PIPE BOMBS EXPLODED YESTERDAY AT THE NATIONAL GUARD (GN) GENERAL HEADQUARTERS, WHILE THE COUNCIL OF GENERALS WAS MEETING INSIDE. PAMPHLETS ENTITLED "GREETINGS TO THE GN FAMILY," IN WHICH THE HIGH COMMAND WAS CRITICIZED FOR NOT ACTING TO REESTABLISH ORDER DURING PROTESTS AND FOR ITS ATTITUDE TOWARDS THE METROPOLITAN POLICE, WERE RELEASED IN THE EXPLOSION. THE PAMPHLET, ATTRIBUTED TO SECTORS OF THE GN, ALSO PROMISED THAT "IN A SHORT TIME THE NIGHTMARE WILL BE OVER."

VALUE-ADDED TAX REFORM PASSES THROUGH COMMITTEE

9. ON AUGUST 8, THE FINANCE COMMISSION IN THE NATIONAL ASSEMBLY APPROVED A MODIFIED VERSION OF THE VALUE-ADDED TAX (IVA) REFORM PROPOSAL INTRODUCED BY THE ECONOMIC MINISTERS. THE CURRENT PROPOSAL CONTINUES TO ENVISION AN IVA INCREASE FROM 14.5 PERCENT TO 16 PERCENT. HOWEVER, MANY OF THE EXEMPTIONS, INCLUDING RESIDENTIAL GAS,

UNCLASSIFIED

PAGE 03 CARACA 02367 02 OF 03 121139Z
ELECTRICITY, WATER, AND GARBAGE COLLECTION, CONCERT AND SPORTS TICKETS, FERTILIZERS, MEDICINE, AGROCHEMICALS, AND CERTAIN MEDICAL PROCEDURES HAVE BEEN PRESERVED IN THE LATEST ITERATION OF THE REFORM PROPOSAL. THE BASIC FOOD

Current Class: UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

Current Class: UNCLASSIFIED
Current Handling: n/a

BASKET WILL ALSO REMAIN EXEMPT, ALTHOUGH MEAT AND VEGETABLE OIL WERE NOT INCLUDED IN THE BASKET FOR THE PURPOSES OF THIS REFORM LEGISLATION. THE NATIONAL ASSEMBLY WILL TAKE UP THE DEBATE IN PLENARY SESSION ON AUGUST 15.

ARMAS ASSERTS GOV LOSING MONEY ON PUBLIC BONDS

10. DEPUTIES ALEJANDRO ARMAS AND JOSE LUIS FARIA OF THE SOLIDARIDAD BLOC IN THE NATIONAL ASSEMBLY DENOUNCED A RECENT GOV BOND OFFERING, AND ASSERTED THAT THE GOV LOST 26 BILLION BOLIVARS (APPROXIMATELY USD 2 MILLION) IN THE DEAL. LAST WEEK, THE MINISTRY OF FINANCE OFFERED 190 BILLION BOLIVARS IN PUBLIC BONDS. THIRTY PERCENT OF THE TOTAL WAS PURCHASED FOR CASH, WHILE THE REMAINING SEVENTY PERCENT WERE EXCHANGED FOR SHORT TERM (60,90,120 DAYS) CERTIFICATES OF DEPOSIT. ARMAS AND FARIA ASSERT THAT THE INTEREST RATE ON THE CDS IS LOWER THAN THAT ON THE GOVERNMENT BONDS, RESULTING IN A LOSS OF 26 BILLION BOLIVARS OVER THE NEXT TWO YEARS. THE MINISTRY OF FINANCE COUNTERED THAT THE OPERATION WAS LEGAL, AND SERVED THE PURPOSE OF LENGTHENING THE TERMS OF MATURITY OF GOV BOND DEBT.

UNCLASSIFIED

PAGE 04 CARACA 02367 02 OF 03 121139Z
NEW MINISTRY CREATED

11. ON AUGUST 8, PRESIDENT CHAVEZ ANNOUNCED THE CREATION OF A MINISTRY OF DEVELOPMENT OF SPECIAL ECONOMIC ZONES. HE APPOINTED FRANCISCO NATERA TO HEAD THE MINISTRY. "DEVELOPMENT OF SPECIAL ECONOMIC ZONES" WAS PREVIOUSLY A RESPONSIBILITY OF THE MINISTRY OF PRODUCTION AND COMMERCE, AND IT IS NOT IMMEDIATELY EVIDENT WHY CHAVEZ FELT IT NECESSARY TO CREATE A NEW MINISTRY. THE BUSINESS COMMUNITY GREETED THE ANNOUNCEMENT WITH INDIFFERENCE. HOWEVER, A POST CONTACT DID NOTE THAT NATERA, A FORMER HEAD OF FEDECAMARAS, DOES HAVE A GOOD BUSINESS SENSE, AND HIS INCLUSION IN THE ECONOMIC CABINET (WITH THE MINISTERS OF FINANCE, PRODUCTION AND COMMERCE, AND PLANNING AND DEVELOPMENT) SHOULD HAVE A POSITIVE IMPACT.

CHAVEZ DENOUNCES FTAA AND CALLS FOR REFERENDUM

Current Class: UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

Current Class: UNCLASSIFIED
Current Handling: n/a

12. SPEAKING AT THE ALCASA STATE ALUMINUM PLANT IN CIUDAD

UNCLASSIFIED

UNCLASSIFIED PTQ5363

PAGE 01 CARACA 02367 03 OF 03 121139Z
ACTION INR-00

INFO	LOG-00	NP-00	ACQ-00	INL-00	DODE-00	WHA-00	DS-00
	UTED-00	VC-00	TEDE-00	LAB-01	VCE-00	AC-01	NSAE-00
	PM-00	ACE-00	IRM-00	TEST-00	EPAE-00	PMB-00	DSCC-00
	DRL-02	NFAT-00	SAS-00	/004W			

-----D7E467 121139Z /38

R 121112Z AUG 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 7157
INFO NSC WASHDC
CIA WASHDC
USCINCSO MIAMI FL
AMEMBASSY BOGOTA

UNCLAS SECTION 03 OF 03 CARACAS 002367

NSC FOR SALCEDO, AMB. MAISTO
USCINCSO ALSO FOR POLAD
INR FOR FERNANDEZ

E.O. 12958: N/A
TAGS: PREL, PGOV, VE
SUBJECT: POLITICAL UPDATE: AUGUST 9, 2002

GUAYANA, PRESIDENT CHAVEZ DECLARED THAT "REAL" TRADE
UNIONISTS SHOULD BE WARNING WORKERS ABOUT THE DANGERS OF
THE FTAA, A PART OF THE GLOBALIZATION PLOT TO "ERASE"
VENEZUELA'S ECONOMY. HE PROMISED TO PUT THE ISSUE TO A
UNCLASSIFIED

PAGE 02 CARACA 02367 03 OF 03 121139Z
REFERENDUM, AND VOWED THAT AS LONG AS HE IS PRESIDENT
THERE WILL BE NO PRIVATIZATIONS.

SHAPIRO

UNCLASSIFIED

<< END OF DOCUMENT >>

Current Class: UNCLASSIFIED

UNCLASSIFIED